

STATEMENT OF PURPOSE

RS19343

In 2006, the Idaho Supreme Court rendered a decision that addressed the "ordinary and necessary" exception to voter approval of financing public entity debt. Although the decision only addressed the subject matter of the case (a parking garage at the Boise Airport), by reference, it casts serious doubt on the ability of county and district hospitals to incur debt without voter approval. That ability had been within their authority since the passage of the Idaho Health Facilities Authority Act in 1972 and a subsequent case in 1973 which tested the constitutionality of the act. Thus, the decision in *City of Boise v. Frazier*, 143 Idaho 1 (2006) that overturned 30 plus years of public hospitals being able to incur long term debt for purposes of expanding and renovating facilities, purchasing equipment or financing new technologies without a vote.

Nearly half of the hospitals in Idaho are owned by either a county or a hospital district. While both types of hospitals have access to ad valorem taxes, for most, very small amounts of taxes are levied for the purpose of hospital operations. Some of the larger public hospitals operate exclusively on patient revenues with no tax support whatsoever.

This joint resolution amends Article VIII, Section 3C of the Idaho Constitution to clarify the ability of county and district hospitals to incur indebtedness without vote, provided that no ad valorem tax revenue is used for the purpose of paying for the indebtedness.

FISCAL NOTE

There will be a fiscal impact on the state general fund for the cost associated with adding this amendment to the general election ballot in the amount of approximately \$35,000 to \$40,000.

Contact:

Name: Representative Fred Wood & Senator Joe Stegner

Office:

Phone: (208) 312-1056